

Message Text

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43

ACTION AGR-20

INFO OCT-01 EA-11 ISO-00 EB-11 COME-00 TRSE-00 FRB-02

CIEP-02 AID-20 IGA-02 CIAE-00 INR-10 NSAE-00 RSC-01

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R 050913Z MAR 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1555

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E.O. 11652: NA

TAGS: EAGR, ETRD

SUBJ: REPORTED SUSPENSION OF PHILIPPINE COPRA EXPORTS

REF: A. MANILA 2069 B) MANILA 1876

1. REFTEL A REPORTED THAT PHILIPPINE COCONUT AUTHORITY ON FEBRUARY 21 RECOMMENDED SUSPENSION OF COPRA AND COCONUT OIL EXPORTS AND THAT EXPORTERS NOT OFFERING ON WORLD MARKET. THIS STATUS CONTINUES, WITH NO FORMAL BAN IN EFFECT.

2. MAJOR COCONUT EXPORTER REPORTS COPRA AND OIL EXPORTERS WERE APPROACHED BY COCONUT AUTHORITY IN MID-FEBRUARY, PRIOR TO EXPORT TAX IMPOSITION DESCRIBED REFTEL B, AND ASKED TO VOLUNTARILY REFRAIN FROM ENTERING INTO FURTHER EXPORT COMMITMENTS UNTIL MARCH OR APRIL. INDUSTRY REPORTEDLY AGREED AFTER SECURING APPROVAL TO FULFILL COMMITMENTS ALREADY ENTERED INTO. MEETING OF EXPORTERS AND COCONUT AUTHORITY IS TO BE HELD MARCH 9 OR 10 TO EVALUATE SUPPLY SITUATION AND DETERMINE WHAT LEVEL OF EXPORTS WILL BE ALLOWED. COCONUT AUTHORITY STATES, AND COPRA EXPORTER CONFIRMS, THAT FORMAL BAN HAS NOT BEEN IMPLEMENTED.

3. COPRA EXPORTER CLAIMS THAT EXISTENCE OR NON-EXISTENCE OF COPRA EXPORT BAN IS IMMATERIAL SINCE IMPOSITION OF NEW

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EXPORT TAX RATES, WHICH IT CLAIMS MAKES COPRA EXPORTING

UNPROFITABLE VIS-A-VIS COCONUT OIL. WHILE COMPUTATIONAL PROBLEM OF WORKING WITH SEVERAL VARIABLES WHICH ARE CONSTANTLY CHANGING MAKES IT DIFFICULT TO CONFIRM THIS, INCENTIVES TO PROCESS LOCALLY HAVE UNQUESTIONABLY BEEN SUBSTANTIALLY INCREASED.

4. WITH COCONUT PRODUCTION TEMPORARILY DOWN BECAUSE OF DROUGHT, LOCAL MILLS APPARENTLY HAVE CAPACITY TO HANDLE CURRENT COPRA PRODUCTION. PROCESSING FACILITIES NOT SUFFICIENT, HOWEVER, TO HANDLE NORMAL NUT PRODUCTION WHICH EXPECTED BY MID-YEAR, AND COPRA EXPORTS THEN LIKELY TO RESUME UNTIL NEW CRUSHING CAPACITY CAN BE BROUGHT ONSTREAM. PRICE PAID TO COCONUT PRODUCERS SHOULD THEORETICALLY BE MAJOR EQUILIBRATING FACTOR, AND RECOGNITION THIS FACTOR LEADING COCONUT GROWERS TO ENGAGE IN ACTIVE LOBBYING EFFORT IN HOPES OF REDUCING MAGNITUDE OF EXPORT TAX WHICH THEY FEAR WILL SUBSTANTIALLY REDUCE GROWER INCOME.
SULLIVAN

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Message Attributes

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Disposition Event:
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